

CITY OF UNION CITY SCHOOL DISTRICT

**AUDITOR'S MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**CITY OF UNION CITY SCHOOL DISTRICT
 AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -
 FINANCIAL, COMPLIANCE AND PERFORMANCE
 TABLE OF CONTENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Page(s)
Report of Independent Auditor's	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account and Position Control Roster	2
Reserve for Encumbrances and Accounts Payable	3
Travel	3
Classification of Expenditures	
General Classifications	3
Administrative Classifications	3
Board Secretary's Records/Business Administrator	3
Elementary and Secondary Education Act (E.S.E.A.) as amended by Every Student Succeeds Act (ESSA)	3
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	5
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	5 - 6
School Food Service	6 - 7
Student Body Activities	7
Application for State School Aid	7
Pupil Transportation	7 - 8
Facilities and Capital Assets	8
Testing for Lead of All Drinking Water in Educational Facilities	8
Other Suggestions to Management	8 - 9
Follow-up on Prior Year Findings	9
Acknowledgment	10
Schedule of Meal County Activity	11 - 12
Nrt Cash Resource Schedule	13
Schedule of Audited Enrollments	14 - 16
Excess Surplus Calculation	17 - 18
Audit Recommendations	19 - 20

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REPORT OF INDEPENDENT AUDITOR'S

Honorable President and
Members of the Board of Education
City of Union City School District
County of Hudson
Union City, New Jersey

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the City of Union City School District in the County of Hudson for the year ended June 30, 2019, and have issued our report thereon dated December 20, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the City of Union City School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



MAURICIO CANTO
Certified Public Accountant
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No. 2541



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
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Bayonne, New Jersey
December 20, 2019

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SCOPE OF AUDIT

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Education, and the records of the Athletic Fund, The Student Activity Fund, Food Service Fund and Special Revenue Fund under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the District's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Anthony Dragona	School Business Administrator/ Board Secretary/ Custodian of School Moneys	\$750,000

The Board also has an errors and omissions policy with the New Jersey School Boards Association Insurance Group with coverage of \$6,000,000 total for all fees and claims.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

A test examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification and proper itemization and/or supporting documentation.

Payroll Account and Position Control Roster

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and the Board's required payroll contributions were deposited in the Agency Reserve Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium withholding due to the general fund.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2019 for proper classification of orders as reserve for encumbrances and accounts payable. No discrepancies were noted.

Travel

No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23-2.2(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classification to determine overall reliability and compliance with *N.J.A.C. 6A:23-8.3*. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings - No findings were noted

B. Administrative Classification Findings - No findings were noted

Board Secretary's Records/Business Administrator

Our review of the financial and accounting records maintained by the Board Secretary/Business Administrator disclosed no exceptions.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the other special federal and/or state projects indicated the following areas of noncompliance:

Finding 2019-001 (CAFR Finding 2019-001):

Adult Education and Literacy Act – Title II financial reporting used for reimbursement requests does not agree with the accounting records in the District's financial management system. This finding is repeated from 2018.

Recommendation:

Adult Education and Literacy Act – Title II financial reporting used for reimbursement requests be derived from accounting records that support the audited financial statements and the schedule of expenditures of federal awards.

Finding 2019-002 (CAFR Finding 2019-002):

School Based Youth Services financial reporting did not agree with the accounting records in the District's financial management system during 2016, 2017, and 2018, resulting in excess funds being received. During 2019, the District adjusted the excess funds by retroactively applying expenditures previously recognized in general fund operations.

Recommendation:

School Based Youth Services financial reporting be derived from accounting records that support the audited financial statements and the schedule of expenditures of state financial assistance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for District employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report for all federal awards for the District to reimburse the State for the TPAF/FICA payment made by the State on-behalf of the District for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 60 day grant liquidation period required by the Office of Grants Management, but prior to the 90 days required by *N.J.S.A. 18A:66-90*. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report for all federal awards.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:39-3(a)* are \$40,000 with a Qualified Purchasing Agent (QPA) and \$29,000 without a QPA, respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is currently \$19,000 for 2018-19.

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or service, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A. 18A:18A-4*, with the exception of the following:

Finding 2019-003

The District food service program, through a food service management company, incurred costs in excess of bid threshold for renovations of facilities without advertising for bids.

Recommendation:

The District food service program monitor capital and maintenance projects performed by a food service management company that are outside of the scope of management contract for proper advertising for bids when in excess of bid threshold.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SCHOOL PURCHASING PROGRAMS (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Resolutions were adopted authorizing the awarding of contracts or agreements for “Professional Services” per *N.J.S.A. 18A:18A-5*.

SCHOOL FOOD SERVICES

The City of Union City School District utilizes the Community Eligibility Option for the district. The criteria to determine if a school qualified for this program is if equal to or greater than forty percent (40%) of the students in a particular school within the district are eligible for free or reduced price meals, then the entire student population of the school receives free meals. The State Aid reimbursement for the District is calculated by utilizing the actual number of meals served multiplied by the percentage of students in each category to determine the number of eligible meals served by category.

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18a:17-34*, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supplies were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. The records of the management company included time sheets for its employees who work at the various schools.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SCHOOL FOOD SERVICES (Continued)

The number of meals claimed for reimbursement was compared to sales and meal count records. The District also utilized the Community Eligibility Option for schools that met the eligibility criteria. Under this option all students were eligible for free breakfast and lunch. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

U.S.D.A. Food Distribution program commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

STUDENT BODY ACTIVITIES

Overall, cash receipts and disbursements records for the schools were maintained in satisfactory condition.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 13, 2017, Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low income and bilingual. We also performed a review of the district procedures related to its completion. The information on the ASSA was compared to the district workpapers without exception. The information that was included on the workpapers was verified. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent. The District has adequate written procedures for the recording of student enrollment data.

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 2017-18 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

PUPIL TRANSPORTATION (Continued)

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

FACILITIES AND CAPITAL ASSETS

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction. No exceptions were noted.

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

The District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

Finding 2019-004:

The District did not submit the annual Statement of Assurance of testing for lead of all drinking water in educational facilities to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g). This finding is repeated from 2018.

Recommendation:

The District submit the annual Statement of Assurance of testing for lead of all drinking water in educational facilities to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

OTHER SUGGESTIONS TO MANAGEMENT

New Jersey Earned Sick Leave Law

The New Jersey Earned Sick Leave Law was effective October 29, 2018. This law allows employees to accrue 1 hour of earned sick leave for every 30 hours worked, up to 40 hours each calendar year. We suggest that Districts perform a review each year to determine if there are any employees not previously eligible to receive earned sick leave who are now entitled to under this law and that adequate records are maintained for the accrual of the earned sick leave.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

OTHER SUGGESTIONS TO MANAGEMENT (Continued)

Governmental Accounting Standards Board (GASB) Statements

The next GASB Statement which will have an impact on the District's financial statements is GASB Statement No. 84, Fiduciary Activities, which is effective for the fiscal year ended June 30, 2020. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The Statement will likely have an impact on the financial statement presentation of the Payroll Agency Fund and may have an impact on the presentation of the Student Activities Agency Fund and Trust Funds such as the Unemployment Compensation Trust and Flexible Spending Trust.

FOLLOW-UP ON PRIOR YEAR FINDINGS

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of the following, which are repeated in this year's recommendations noted as current year finding 2019-001 and 2019-004.

- Adult Education and Literacy Act – Title II financial reporting used for reimbursement requests be derived from accounting records that support the audited financial statements and the schedule of expenditures of federal awards. (2019-001)
- The District submit the annual Statement of Assurance of testing for lead of all drinking water in educational facilities to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g). (2019-004)

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

ACKNOWLEDGMENT

We received the complete cooperation of all the officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

Bayonne, New Jersey
December 20, 2019

CITY OF UNION CITY SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
ENTERPRISE FUND
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDER CLAIM - FEDERAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER)/ UNDER CLAIM
National School Lunch (High Rate)	Paid	171,929	50,767	50,767	-	0.330	\$ -
	Reduced	-	-	-	-	2.930	-
	Free	<u>1,578,945</u>	<u>466,218</u>	<u>466,218</u>	-	3.330	-
	Total	<u><u>1,750,874</u></u>	<u><u>516,985</u></u>	<u><u>516,985</u></u>	<u><u>-</u></u>		<u><u>\$ -</u></u>
National School Lunch	HHFKA - PB Lunch Only	<u>1,750,874</u>	<u>516,985</u>	<u>516,985</u>	-	0.06	
School Breakfast (Severe Needs Rate)	Paid	137,653	40,004	40,004	-	0.310	\$ -
	Reduced	-	-	-	-	1.840	-
	Free	<u>1,264,058</u>	<u>367,375</u>	<u>367,375</u>	-	2.140	-
	Total	<u><u>1,401,711</u></u>	<u><u>407,379</u></u>	<u><u>407,379</u></u>	<u><u>-</u></u>		<u><u>\$ -</u></u>
Total Net (Over)/Under Claim					<u><u>-</u></u>		<u><u>\$ -</u></u>

CITY OF UNION CITY SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
ENTERPRISE FUND
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDER CLAIM - STATE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER)/ UNDER CLAIM</u>
State Reimbursement National School Lunch (High Rate)	Paid	171,929	50,767	50,767	-	0.050	\$ -
	Reduced	-	-	-	-	0.055	-
	Free	<u>1,578,945</u>	<u>466,218</u>	<u>466,218</u>	-	0.055	-
	Total	<u><u>1,750,874</u></u>	<u><u>516,985</u></u>	<u><u>516,985</u></u>	<u><u>-</u></u>		<u><u>\$ -</u></u>
Total Net (Over)/Under Claim					<u><u>-</u></u>		<u><u>\$ -</u></u>

**CITY OF UNION CITY SCHOOL DISTRICT
NET CASH RESOURCE SCHEDULE**

**NET CASH RESOURCED DID NOT EXCEED THREE MONTHS OF EXPENDITURES
PROPRIETARY FUND - FOOD SERVICE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

		<u>Food Service</u> <u>Exhibits B-4/5</u>
NET CASH RESOURCES:		
CAFR	Current Assets*	
B-4	Cash and cash equivalents	\$ 687,724
B-4	Accounts receivable	1,834,622
CAFR	Current Liabilities	
B-4	Interfund payable	(307,596)
B-4	Accounts payable	<u>(1,895,425)</u>
NET CASH RESOURCES		<u><u>\$ 319,325 (A)</u></u>
 NET ADJUSTED TOTAL OPERATING EXPENSE:		
CAFR		
B-5	Total Operating Expenses	8,874,113
B-5	Less Depreciation	<u>(119,310)</u>
NET ADJUSTED TOTAL OPERATING EXPENSE		<u><u>\$ 8,754,803 (B)</u></u>
 AVERAGE MONTHLY OPERATING EXPENSE:		
	Monthly Average	
	B ÷ 10	<u>\$ 875,480 (C)</u>
AVERAGE MONTHLY OPERATING EXPENSE		<u><u>\$ 2,626,440 (D)</u></u>

TOTAL IN BOX A	\$ 319,325
LESS TOTAL IN BOX D	<u>(2,626,440)</u>
NET	<u><u>\$ (2,307,115)</u></u>

From above:

A is greater than D, cash exceeds 3 times average monthly operating expenses.

D is greater than A, cash does not exceed 3 times average monthly operating expenses.

* Inventories are not to be included in total current assets.

SOURCE: USDA resource management comprehensive review form.

CITY OF UNION CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018

SCHEDULE OF AUDITED ENROLLMENTS

	2018-2019 Application for State School Aid						Sample of Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. Private Schools	Sample for Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Full Day Preschool	361	-	361	-	-	-	361	-	361	-	-	-	-	-	-	-	-
Full Day Kindergarten	843	-	843	-	-	-	843	-	843	-	-	-	-	-	-	-	-
One	924	-	922	-	-	-	922	-	922	-	-	-	-	-	-	-	-
Two	856	-	924	-	-	-	924	-	924	-	-	-	-	-	-	-	-
Three	826	-	856	-	-	-	856	-	856	-	-	-	-	-	-	-	-
Four	817	-	826	-	-	-	826	-	826	-	-	-	-	-	-	-	-
Five	862	-	817	-	-	-	817	-	817	-	-	-	-	-	-	-	-
Six	795	-	862	-	-	-	862	-	862	-	-	-	-	-	-	-	-
Seven	770	-	795	-	-	-	795	-	795	-	-	-	-	-	-	-	-
Eight	776	-	770	-	-	-	770	-	770	-	-	-	-	-	-	-	-
Nine	774	-	837	-	-	-	837	-	837	-	-	-	-	-	-	-	-
Ten	749	-	776	-	-	-	776	-	776	-	-	-	-	-	-	-	-
Eleven	181	-	774	-	-	-	774	-	774	-	-	-	-	-	-	-	-
Twelve	11,293	-	749	-	-	-	749	-	749	-	-	-	-	-	-	-	-
Adult HS (15+ Credits)	9	-	181	-	-	-	181	-	181	-	-	-	-	-	-	-	-
Subtotal	11,293	9	11,293	9	-	-	11,293	9	11,293	9	-	-	-	-	-	-	-
Special Education-Elementary	397	-	397	-	-	-	397	-	397	-	-	-	30	24	24	-	-
Special Education-Middle	276	-	276	-	-	-	276	-	276	-	-	-	24	17	17	-	-
Special Education-Highschool	446	-	446	-	-	-	446	-	446	-	-	-	35	27	27	-	-
Subtotal	1,119	-	1,119	-	-	-	1,119	-	1,119	-	-	-	89	68	68	-	-
TOTALS	12,412	9	12,412	9	-	-	12,412	9	12,412	9	-	-	89	68	68	-	-
Percentage Error					0.00%						0.00%						0.00%

**CITY OF UNION CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

SCHEDULE OF AUDITED ENROLLMENTS

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Preschool	235	235	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	758	758	-	2	2	-	491	491	-	13	13	-
One	816	816	-	2	2	-	432	432	-	27	27	-
Two	798	798	-	2	2	-	440	440	-	27	27	-
Three	763	763	-	2	2	-	347	347	-	24	24	-
Four	742	742	-	2	2	-	251	251	-	13	13	-
Five	741	741	-	2	2	-	176	176	-	9	9	-
Six	779	779	-	2	2	-	114	114	-	4	4	-
Seven	710	710	-	2	2	-	96	96	-	8	8	-
Eight	699	699	-	2	2	-	101	101	-	6	6	-
Nine	761	761	-	2	2	-	135	135	-	11	11	-
Ten	698	698	-	2	2	-	142	142	-	48	48	-
Eleven	687	687	-	2	2	-	162	162	-	55	55	-
Twelve	658	658	-	2	2	-	110	110	-	41	41	-
Subtotal	9,845	9,845	-	26	26	-	2,997	2,997	-	286	286	-
Special Education-Elementary	355	355	-	2	2	-	61	61	-	7	7	-
Special Education-Middle	255	255	-	2	2	-	2	2	-	-	-	-
Special Education-Highschool	405	405	-	2	2	-	11	11	-	2	2	-
Subtotal	1,015	1,015	-	6	6	-	74	74	-	9	9	-
TOTALS	10,860	10,860	-	32	32	-	3,071	3,071	-	295	295	-
Percentage Error			0.00%						0.00%			0.00%

Transportation					
Reported on DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
30	30	-	26	26	-
239	239	-	137	137	-
110	110	-	89	89	-
379	379	-	252	252	-
TOTALS	379	-	252	252	-
Percentage Error		0.00%			0.00%

Reported	Recalculated
1.4	1.4
10.5	10.5

Reg Avg (Mileage) = Regular including Grade PK Students (Part A)
 Reg Avg (Mileage) = Regular excluding Grade PK Students (Part B)
 Special Avg = Special Ed w/ Special Needs

CITY OF UNION CITY SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2018

SCHEDULE OF AUDITED ENROLLMENTS

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	24	24	-	12	12	-
One	12	12	-	8	8	-
Two	20	20	-	10	10	-
Three	12	12	-	8	8	-
Four	7	7	-	4	4	-
Five	9	9	-	6	6	-
Six	2	2	-	2	2	-
Seven	5	5	-	5	5	-
Eight	6	6	-	6	6	-
Nine	5	5	-	5	5	-
Ten	6	6	-	6	6	-
Eleven	10	10	-	6	6	-
Twelfth	5	5	-	5	5	-
Subtotal	123	123	-	83	83	-
Special Education-Elementary	3	3	-	3	3	-
Special Education-Middle	1	1	-	1	1	-
Special Education-Highschool	-	-	-	-	-	-
Subtotal	4	4	-	4	4	-
TOTALS	127	127	-	87	87	-
Percentage Error			0.00%			0.00%

**CITY OF UNION CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION 1

Calculation A: 2 Percent Excess Surplus

All districts required to use school-based budgeting are required to complete this calculation using 2 percent on line A10.

2018-19 Total General Fund Expenditures per the CAFR, Exhibit C-1	<u>\$ 252,151,312</u> (A)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects	<u> -</u> (A1a)
Transfer from Reserve to Capital Projects	<u> -</u> (A1a)
Transfer from G/F to SRF for Preschool - Regular	<u> -</u> (A1a)
Transfer from G/F to SRF for Preschool - Inclusion	<u>595,080</u> (A1a)
Less:	
Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>(6,115,309)</u> (A1b)
2018-19 Adjusted General Fund & Other State Expenditures [(A) - (A1)-(A1b)]	<u>\$ 246,631,083</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>\$ (28,634,631)</u> (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	<u>\$ -</u> (A4)
Add:	
General Fund & State Resources Portion of Fund 15	
Assets Acquired Under Capital Leases:	
Assets Acquired Under Capital Leases in Fund 15 reported on Exhibit C-1a	<u> -</u> (A5)
Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit D-2	<u>94.80%</u> (A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5) x (A6)]	<u> -</u> (A7)
Total Assets Acquired Under Capital Leases [(A4) + (A7)]	<u> -</u> (A8)
2018-19 General Fund Expenditures [(A2) - (A3) - (A8)]	<u>\$ 217,996,452</u> (A9)
2% of Adjusted 2018-2019 General Fund Expenditures [(A9) x 2%]	<u>\$ 4,359,929</u> (A10)
Enter Greater of (A10) or \$250,000	<u>4,359,929</u> (A11)
Increased by: Allowable Adjustment*	<u>2,350,316</u> (K)
Maximum Unassigned Fund Balance [(A11) + (K)]	<u>\$ 6,710,245</u> (M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2019	<u>\$ 61,118,532</u> (C)
Decreased by:	
Year-end Encumbrances	<u>(10,583,357)</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u> -</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>(15,396,693)</u> (C3)
Other Restricted Fund Balances****	<u>(1,696,704)</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>(1,257,130)</u> (C5)
Total Unassigned Fund Balance [(C) - (C1) - (C2) - (C3) - (C4) - (C5)]	<u>\$ 32,184,648</u> (U)

**CITY OF UNION CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U) - (M)] IF NEGATIVE ENTER -0-	<u>\$ 25,474,403 (E)</u>
Summary:	
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>\$ 15,396,693 (C3)</u>
Restricted Excess Surplus***[(E)]	<u>25,474,403 (E)</u>
Total [(C3) + (E)]	<u>\$ 40,871,096 (D)</u>

* This adjustment line (line (K) as detailed below) is to utilized for Impact Aid, Sale and Lease-back, Extraordinary Aid, Additional Nonpublic School Transportation Aid, and unbudgeted FICA Wage Freeze Grant Revenue, if applicable. Extraordinary Aid and Additional Nonpublic School Transportation Aid for 2017-18 received after June 30 is limited to the amount of revenue recognized in the audit year

Detail of Allowable Adjustments

Impact Aid	<u>\$ - (H)</u>
Sale & Lease-back	<u>- (I)</u>
Extraordinary Aid	<u>2,350,316 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>- (J2)</u>
Current Year School Bus Advertising Revenue Recognized	<u>- (J3)</u>
Family Crisis Transportation Aid	<u>- (J4)</u>
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	<u>\$ 2,350,316 (K)</u>

** This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** See (E) above. The amount entered must agree with the June 30, 2019 CAFR and Audit Summary Worksheet Line 90030.

**** Amount for Other Restricted Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to that Assistant to the Commissioner for Finance prior to

- (N-1) Capital reserve at June 30, 2019
- (N-2) Maintenance reserve minimum required under EFCFA
- (N-3) Tuition reserve at June 30, 2019
- (N-4) Emergency reserve at June 30, 2019
- (N-5) School bus fuel offset reserve – current year - June 30, 2019
- (N-6) School bus fuel offset reserve – prior year - June 30, 2019
- (N-7) Impact Aid general fund reserve at June 30, 2019
- (N-8) Impact Aid capital fund reserve at June 30, 2019

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	<u>-</u>
Sale/lease-back reserve	<u>-</u>
Capital reserve (N-1)	<u>1,696,704</u>
Maintenance reserve (N-2)	<u>-</u>
Tuition reserve (N-3)	<u>-</u>
Emergency reserve (N-4)	<u>-</u>
School Bus Advertising 50% Fuel Offset Reserve - current year (N-5)	<u>-</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year (N-6)	<u>-</u>
Impact Aid General Fund Reserve (Section 8002 and 8003) (N-7)	<u>-</u>
Impact Aid Capital Fund Reserve (Section 8007 and 8008) (N-8)	<u>-</u>

[Other Restricted/Reserved Fund Balance not noted above]****

Capital reserve - reserved for local share of 2019-2020 district budget	<u>-</u>
Maintenance reserve - reserved for local share of 2019-2020 district budget	<u>-</u>

Total Other Restricted/Reserved Fund Balance \$ 1,696,704 (C4)

**CITY OF UNION CITY SCHOOL DISTRICT
AUDIT RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

- Adult Education and Literacy Act – Title II financial reporting used for reimbursement requests be derived from accounting records that support the audited financial statements and the schedule of expenditures of federal awards.
- School Based Youth Services financial reporting be derived from accounting records that support the audited financial statements and the schedule of expenditures of state financial assistance.

3. School Purchasing Programs

- The District food service program monitor capital and maintenance projects performed by a food service management company that are outside of the scope of management contract for proper advertising for bids when in excess of bid threshold.

4. School Food Services

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Testing for Lead and All Drinking Water in Educational Facilities

- The District must submit to the Department of Education the annual Statement of Assurance.

**CITY OF UNION CITY SCHOOL DISTRICT
AUDIT RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

10. Follow-Up on Prior Year Findings

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings with the exception of the following:

- Adult Education and Literacy Act – Title II financial reporting used for reimbursement requests be derived from accounting records that support the audited financial statements and the schedule of expenditures of federal awards.
- The District must submit to the Department of Education the annual Statement of Assurance.